

SENATE BILL NO. 155

INTRODUCED BY C. WILLIAMS, C. HINER, W. JONES

BY REQUEST OF THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN OLDER MONTANANS TRUST FUND AND PROVIDING FOR THE PURPOSES AND USE OF THE FUND; ~~PROVIDING FOR A TRANSFER OF FUNDS FROM THE HEALTH AND MEDICAID INITIATIVES ACCOUNT TO THE OLDER MONTANANS TRUST FUND; AMENDING SECTIONS 17-7-302, 17-7-304, AND 53-6-1201, MCA; PROVIDING FOR A TRANSFER OF FUNDS FROM THE HEALTH AND MEDICAID INITIATIVES ACCOUNT TO THE OLDER MONTANANS TRUST FUND; AMENDING SECTIONS 17-7-302, 17-7-304, AND 53-6-1201, MCA;~~ AND PROVIDING AN IMMEDIATE EFFECTIVE DATE ~~AND A TERMINATION DATE~~ AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Older Montanans trust fund.** (1) There is an older Montanans trust fund within the permanent fund type. The trust fund is subject to legislative appropriation as provided in this section.

(2) The money in the fund may be used to create new, innovative services or to expand existing services for the benefit of Montana residents 60 years of age or older that will enable those Montanans to live an independent lifestyle in the least restrictive setting and will promote the dignity of and respect for those Montanans. The interest and income produced by the trust fund and appropriated to the department by the legislature is intended to increase services referred to in this subsection and not to supplant other sources of revenue for those programs in the trended traditional level, as used in 53-6-1201, of appropriations for those services.

(3) The department may accept contributions and gifts for the trust fund, in money or other forms, and when accepted, the contributions and gifts must be deposited in the trust fund.

(4) Interest and income earned on money in the trust fund must be retained within the fund except as provided in this section. Until the year 2015, if assets in the fund reach the following amounts, money may be appropriated by the legislature and used in the following amounts for the programs specified in subsection (2):

- (a) When the fund balance reaches \$20 million, 50% of the interest earned may be appropriated.
- (b) When the fund balance reaches \$50 million, 60% of the interest earned may be appropriated.



1 (c) When the fund balance reaches \$100 million, 80% of the interest earned may be appropriated.

2 (5) On and after January 1, 2015, 90% of the interest earned on the trust fund may be appropriated for
3 the programs specified in subsection (2).

4 (6) The department shall provide to the legislature a biennial report of the expenditures of the money
5 appropriated from the older Montanans trust fund as provided in 5-11-210.

6
7 ~~Section 2. Section 17-7-302, MCA, is amended to read:~~

8 ~~"17-7-302. Encumbrance of fiscal yearend obligations. (1) Any valid obligation not paid within the
9 fiscal year, including valid written interagency or intra-agency service agreements for systems development, shall
10 be is encumbered for payment thereof of the obligation at the end of each fiscal year in the department of
11 administration's accounts. Except as provided in subsection (2), an appropriation shall be deemed to be is
12 considered encumbered at the time and to the extent that a valid obligation against the appropriation is created.~~

13 ~~(2) An appropriation may be encumbered by a written interagency or intra-agency agreement with the
14 department for the alteration, repair, maintenance, or renovation of a building pursuant to the provisions of Title
15 18, chapter 2. If Except as provided in 53-6-1201(4), if the appropriation is not encumbered by a valid obligation
16 at the end of the next fiscal year, the appropriation reverts to the fund from which it was originally appropriated."~~

17
18 ~~Section 3. Section 17-7-304, MCA, is amended to read:~~

19 ~~"17-7-304. Disposal of unexpended appropriations. (1) All money appropriated for any specific
20 purpose ~~except that appropriated for the university system units listed in subsection (2) [or state money
21 appropriated for the state children's health insurance program provided for in Title 53, chapter 4, part 10,]~~ and
22 ~~except as provided in subsection (4) and 53-6-1201(4)~~ must, after the expiration of the time for which
23 appropriated, revert to the several funds and accounts from which originally appropriated. However, any
24 unexpended balance in any specific appropriation may be used for the years for which the appropriation was
25 made or may be used to fund the provisions of 2-18-1203 through 2-18-1205 and 19-2-706 in the succeeding
26 year.~~

27 ~~(2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for the
28 university of Montana campuses at Missoula, Butte, Dillon, and Helena and the Montana state university
29 campuses at Bozeman, Billings, Havre, and Great Falls, the agricultural experiment station with central offices
30 at Bozeman, the forest and conservation experiment station with central offices at Missoula, the cooperative~~

1 extension service with central offices at Bozeman, and the bureau of mines and geology with central offices in
 2 Butte must, after the expiration of the time for which appropriated, revert to an account held by the board of
 3 regents. The board of regents is authorized to maintain a fund balance. There is a statutory appropriation, as
 4 provided in 17-7-502, to use the funds held in this account in accordance with a long-term plan for major and
 5 deferred maintenance expenditures and equipment or fixed assets purchases prepared by the affected university
 6 system units and approved by the board of regents. The affected university system units may, with the approval
 7 of the board of regents, modify the long-term plan at any time to address changing needs and priorities. The
 8 board of regents shall communicate the plan to each legislature, to the finance committee when requested by
 9 the committee, and to the office of budget and program planning.

10 ~~———— (3) Subsection (2) does not apply to reversions that are the result of a reduction in spending directed~~
 11 ~~by the governor pursuant to 17-7-140. Any amount that is a result of a reduction in spending directed by the~~
 12 ~~governor must revert to the fund or account from which it was originally appropriated.~~

13 ~~———— (4) (a) Subject to subsection (4)(b), after the end of a fiscal year, 30% of the money appropriated to an~~
 14 ~~agency for that year by the general appropriations act for personal services, operating expenses, and equipment,~~
 15 ~~by fund type, and remaining unexpended and unencumbered at the end of the year may be reappropriated to be~~
 16 ~~spent during the following 2 years for any purpose that is consistent with the goals and objectives of the agency.~~
 17 ~~The dollar amount of the 30% amount that may be carried forward and spent must be determined by the office~~
 18 ~~of budget and program planning.~~

19 ~~———— (b) (i) Any portion of the 30% of the unexpended and unencumbered money referred to in subsection~~
 20 ~~(4)(a) that was appropriated to a legislative branch entity may be deposited in the account established in~~
 21 ~~5-11-407.~~

22 ~~———— (ii) After the end of a biennium, any portion of the unexpended and unencumbered money appropriated~~
 23 ~~for the operation of the preceding legislature in a separate appropriation act may be deposited in the account~~
 24 ~~established in 5-11-407. The approving authority shall determine the portion of the unexpended and~~
 25 ~~unencumbered money that is deposited in the account. (Bracketed language terminates on occurrence of~~
 26 ~~contingency--sec. 7, Ch. 565, L. 2005.)"~~

27
 28 ~~———— **Section 4.** Section 53-6-1201, MCA, is amended to read:~~
 29 ~~———— "**53-6-1201. Special revenue fund -- health and medicaid initiatives.** (1) There is a health and~~
 30 ~~medicaid initiatives account in the state special revenue fund established by 17-2-102. This account is to be~~

- 1 administered by the department of public health and human services.
- 2 ~~———— (2) There must be deposited in the account:~~
- 3 ~~———— (a) money from cigarette taxes deposited under 16-11-119(1)(c);~~
- 4 ~~———— (b) money from taxes on tobacco products other than cigarettes deposited under 16-11-119(3)(b); and~~
- 5 ~~———— (c) any interest and income earned on the account.~~
- 6 ~~———— (3) This account may be used only to provide funding for:~~
- 7 ~~———— (a) the state funds necessary to take full advantage of available federal matching funds in order to~~
- 8 ~~maximize enrollment of eligible children under the children's health insurance program, provided for under Title~~
- 9 ~~53, chapter 4, part 10, and to provide outreach to the eligible children. The increased revenue in this account is~~
- 10 ~~intended to increase enrollment rates for eligible children in the program and not to be used to support existing~~
- 11 ~~levels of enrollment based upon appropriations for the biennium ending June 30, 2005.~~
- 12 ~~———— (b) a new need-based prescription drug program established by the legislature for children, seniors,~~
- 13 ~~chronically ill, and disabled persons that does not supplant similar services provided under any existing program;~~
- 14 ~~———— (c) increased medicaid services and medicaid provider rates. The increased revenue is intended to~~
- 15 ~~increase medicaid services and medicaid provider rates and not to supplant the general fund in the trended~~
- 16 ~~traditional level of appropriation for medicaid services and medicaid provider rates.~~
- 17 ~~———— (d) an offset to loss of revenue to the general fund as a result of new tax credits;~~
- 18 ~~———— (e) to fund new programs to assist eligible small employers with the costs of providing health insurance~~
- 19 ~~benefits to eligible employees;~~
- 20 ~~———— (f) the cost of administering the tax credit, the purchasing pool, and the premium incentive payments and~~
- 21 ~~premium assistance payments as provided in Title 33, chapter 22, part 20; and~~
- 22 ~~———— (g) to provide a state match for the medicaid program for premium incentive payments or premium~~
- 23 ~~assistance payments to the extent that a waiver is granted by federal law as provided in 53-2-216.~~
- 24 ~~———— (4) Money appropriated but not expended for the prescription drug program described in subsection~~
- 25 ~~(3)(b) must be transferred annually to the older Montanans trust fund provided for in [section 1].~~
- 26 ~~———— (4)(5) (a) Except for \$1 million appropriated for the startup costs of 53-6-1004 and 53-6-1005, the money~~
- 27 ~~appropriated for fiscal year 2006 for the programs in subsections (3)(b) and (3)(d) through (3)(g) may not be~~
- 28 ~~expended until the office of budget and program planning has certified that \$25 million has been deposited in the~~
- 29 ~~account provided for in this section or December 1, 2005, whichever occurs earlier.~~
- 30 ~~———— (b)(a) On or before July 1, the budget director shall calculate a balance required to sustain each program~~

1 in subsection (3) for each fiscal year of the biennium. If the budget director certifies that the reserve balance will
 2 be sufficient, then the agencies may expend the revenue for the programs as appropriated. If the budget director
 3 determines that the reserve balance of the revenue will not support the level of appropriation, the budget director
 4 shall notify each agency. Upon receipt of the notification, the agency shall adjust the operating budget for the
 5 program to reflect the available revenue as determined by the budget director.

6 ~~—— (c)(b) Until the programs or credits described in subsections (3)(b) and (3)(d) through (3)(g) are~~
 7 ~~established, the funding must be used exclusively for the purposes described in subsections (3)(a) and (3)(c):~~

8 ~~—— (5)(6) The phrase "trended traditional level of appropriation", as used in subsection (3)(c), means the~~
 9 ~~appropriation amounts, including supplemental appropriations, as those amounts were set based on eligibility~~
 10 ~~standards, services authorized, and payment amount during the past five biennial budgets:~~

11 ~~—— (6)(7) The department of public health and human services may adopt rules to implement this section."~~

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 13 **SECTION 2. SECTION 17-7-302, MCA, IS AMENDED TO READ:**

14 **"17-7-302. Encumbrance of fiscal yearend obligations.** (1) Any valid obligation not paid within the
 15 fiscal year, including valid written interagency or intra-agency service agreements for systems development, ~~shall~~
 16 ~~be is~~ encumbered for payment ~~thereof~~ of the obligation at the end of each fiscal year in the department of
 17 administration's accounts. Except as provided in subsection (2), an appropriation ~~shall be deemed to be is~~
 18 considered encumbered at the time and to the extent that a valid obligation against the appropriation is created.

19 (2) An appropriation may be encumbered by a written interagency or intra-agency agreement with the
 20 department for the alteration, repair, maintenance, or renovation of a building pursuant to the provisions of Title
 21 18, chapter 2. ~~If~~ Except as provided in 53-6-1201(4), if the appropriation is not encumbered by a valid obligation
 22 at the end of the next fiscal year, the appropriation reverts to the fund from which it was originally appropriated."
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24 **SECTION 3. SECTION 17-7-304, MCA, IS AMENDED TO READ:**

25 **"17-7-304. Disposal of unexpended appropriations.** (1) All money appropriated for any specific
 26 purpose except that appropriated for the university system units listed in subsection (2) [or state money
 27 appropriated for the state children's health insurance program provided for in Title 53, chapter 4, part 10,] and
 28 except as provided in subsection (4) and 53-6-1201(4) must, after the expiration of the time for which
 29 appropriated, revert to the several funds and accounts from which originally appropriated. However, any
 30 unexpended balance in any specific appropriation may be used for the years for which the appropriation was

1 made or may be used to fund the provisions of 2-18-1203 through 2-18-1205 and 19-2-706 in the succeeding
2 year.

3 (2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for the
4 university of Montana campuses at Missoula, Butte, Dillon, and Helena and the Montana state university
5 campuses at Bozeman, Billings, Havre, and Great Falls, the agricultural experiment station with central offices
6 at Bozeman, the forest and conservation experiment station with central offices at Missoula, the cooperative
7 extension service with central offices at Bozeman, and the bureau of mines and geology with central offices in
8 Butte must, after the expiration of the time for which appropriated, revert to an account held by the board of
9 regents. The board of regents is authorized to maintain a fund balance. There is a statutory appropriation, as
10 provided in 17-7-502, to use the funds held in this account in accordance with a long-term plan for major and
11 deferred maintenance expenditures and equipment or fixed assets purchases prepared by the affected university
12 system units and approved by the board of regents. The affected university system units may, with the approval
13 of the board of regents, modify the long-term plan at any time to address changing needs and priorities. The
14 board of regents shall communicate the plan to each legislature, to the finance committee when requested by
15 the committee, and to the office of budget and program planning.

16 (3) Subsection (2) does not apply to reversions that are the result of a reduction in spending directed
17 by the governor pursuant to 17-7-140. Any amount that is a result of a reduction in spending directed by the
18 governor must revert to the fund or account from which it was originally appropriated.

19 (4) (a) Subject to subsection (4)(b), after the end of a fiscal year, 30% of the money appropriated to an
20 agency for that year by the general appropriations act for personal services, operating expenses, and equipment,
21 by fund type, and remaining unexpended and unencumbered at the end of the year may be reappropriated to be
22 spent during the following 2 years for any purpose that is consistent with the goals and objectives of the agency.
23 The dollar amount of the 30% amount that may be carried forward and spent must be determined by the office
24 of budget and program planning.

25 (b) (i) Any portion of the 30% of the unexpended and unencumbered money referred to in subsection
26 (4)(a) that was appropriated to a legislative branch entity may be deposited in the account established in
27 5-11-407.

28 (ii) After the end of a biennium, any portion of the unexpended and unencumbered money appropriated
29 for the operation of the preceding legislature in a separate appropriation act may be deposited in the account
30 established in 5-11-407. The approving authority shall determine the portion of the unexpended and

1 unencumbered money that is deposited in the account. (Bracketed language terminates on occurrence of
2 contingency--sec. 7, Ch. 565, L. 2005.)"

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4 **SECTION 4. SECTION 53-6-1201, MCA, IS AMENDED TO READ:**

5 **"53-6-1201. Special revenue fund -- health and medicaid initiatives.** (1) There is a health and
6 medicaid initiatives account in the state special revenue fund established by 17-2-102. This account is to be
7 administered by the department of public health and human services.

8 (2) There must be deposited in the account:

9 (a) money from cigarette taxes deposited under 16-11-119(1)(c);

10 (b) money from taxes on tobacco products other than cigarettes deposited under 16-11-119(3)(b); and

11 (c) any interest and income earned on the account.

12 (3) This account may be used only to provide funding for:

13 (a) the state funds necessary to take full advantage of available federal matching funds in order to
14 maximize enrollment of eligible children under the children's health insurance program, provided for under Title
15 53, chapter 4, part 10, and to provide outreach to the eligible children. The increased revenue in this account is
16 intended to increase enrollment rates for eligible children in the program and not to be used to support existing
17 levels of enrollment based upon appropriations for the biennium ending June 30, 2005.

18 (b) a new need-based prescription drug program established by the legislature for children, seniors,
19 chronically ill, and disabled persons that does not supplant similar services provided under any existing program;

20 (c) increased medicaid services and medicaid provider rates. The increased revenue is intended to
21 increase medicaid services and medicaid provider rates and not to supplant the general fund in the trended
22 traditional level of appropriation for medicaid services and medicaid provider rates.

23 (d) an offset to loss of revenue to the general fund as a result of new tax credits;

24 (e) to fund new programs to assist eligible small employers with the costs of providing health insurance
25 benefits to eligible employees;

26 (f) the cost of administering the tax credit, the purchasing pool, and the premium incentive payments and
27 premium assistance payments as provided in Title 33, chapter 22, part 20; and

28 (g) to provide a state match for the medicaid program for premium incentive payments or premium
29 assistance payments to the extent that a waiver is granted by federal law as provided in 53-2-216.

30 (4) Money appropriated but not expended for the prescription drug program described in subsection

1 (3)(b) must be transferred annually to the older Montanans trust fund provided for in [section 1].

2 ~~(4)(5) (a) Except for \$1 million appropriated for the startup costs of 53-6-1004 and 53-6-1005, the money~~
 3 ~~appropriated for fiscal year 2006 for the programs in subsections (3)(b) and (3)(d) through (3)(g) may not be~~
 4 ~~expended until the office of budget and program planning has certified that \$25 million has been deposited in the~~
 5 ~~account provided for in this section or December 1, 2005, whichever occurs earlier.~~

6 ~~————(b)(a) On or before July 1, the budget director shall calculate a balance required to sustain each program~~
 7 ~~in subsection (3) for each fiscal year of the biennium. If the budget director certifies that the reserve balance will~~
 8 ~~be sufficient, then the agencies may expend the revenue for the programs as appropriated. If the budget director~~
 9 ~~determines that the reserve balance of the revenue will not support the level of appropriation, the budget director~~
 10 ~~shall notify each agency. Upon receipt of the notification, the agency shall adjust the operating budget for the~~
 11 ~~program to reflect the available revenue as determined by the budget director.~~

12 ~~(e)(b) Until the programs or credits described in subsections (3)(b) and (3)(d) through (3)(g) are~~
 13 ~~established, the funding must be used exclusively for the purposes described in subsections (3)(a) and (3)(c).~~

14 ~~(5)(6) The phrase "trended traditional level of appropriation", as used in subsection (3)(c), means the~~
 15 ~~appropriation amounts, including supplemental appropriations, as those amounts were set based on eligibility~~
 16 ~~standards, services authorized, and payment amount during the past five biennial budgets.~~

17 ~~(6)(7) The department of public health and human services may adopt rules to implement this section."~~
 18

19 NEW SECTION. Section 5. Codification instruction. [Section 1] is intended to be codified as an
 20 integral part of Title 52, chapter 3, and the provisions of Title 52, chapter 3, apply to [section 1].

21

22 NEW SECTION. Section 6. Effective date. [This act] is effective on passage and approval.

23

24 ~~————NEW SECTION. SECTION 7. TERMINATION. [SECTIONS 2 THROUGH 4] TERMINATE JULY 1, 2007.~~

25

26 NEW SECTION. SECTION 7. TERMINATION. [SECTIONS 2 THROUGH 4] TERMINATE JULY 1, 2007.

27

- END -